


## **2004 Initiatives**



**Economy**

**Strengthening  
and Diversifying  
the Economy**

A healthy economy means an increase in the standard of living for each and every person in Hawai‘i. It means better-paying jobs and the chance for thousands of our sons and daughters to return home.

The good news is that our economy is starting to rebound from years of stagnation. The latest statistics indicate strong job growth and increased personal income. But a sustainable economy is not created overnight.

Although forces beyond our control can dramatically impact the economy at times, a sustainable, vibrant economy is neither the result of wishful thinking nor chance. It is the result of eliminating obstacles to business creation and job growth, encouraging the entrepreneurial spirit in our citizens, investing in both existing and emerging industries, and fostering the attitude that labor, government and business can work cooperatively for their mutual benefit.



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## *Providing Tax Relief*

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An important step state government can take to improve the standard of living for our citizens is providing tax relief for the lowest wage earning families and for our “citizen soldiers.” We are proposing legislation to:

- **Raise the standard income tax deduction over the next three years to equal 50% of the federal standard deduction.** Hawai‘i’s standard deduction has not been adjusted in 20 years. When this simple change is fully phased in, over 19,000 low-income wage earners would be relieved of any state income tax burden.
- **Exempt from state income taxes the military pay of our citizens in uniform deployed in combat zones.** This exemption would apply to the Hawai‘i National Guard and reserve forces of the Army, Navy, Air Force, Coast Guard and Marine Corps.

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## *Improving the Economic Climate*

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To continue our efforts in building a business-friendly climate in Hawai‘i, we are requesting legislation to:

- Allow the Department of Commerce and Consumer Affairs (DCCA) to lower business registration fees and adjust other fees as warranted so this department runs like a business itself. These cuts, along with others made in the department, would save companies an estimated \$6 million by June of 2005.
- Eliminate the current charge businesses must pay to receive a “Certificate of Good Standing.” When companies comply with our laws, they shouldn’t have to pay the government to acknowledge that fact. The business community should be our partner in economic development – not a profit center for government bureaucracy.

- Improve the workers' compensation system because the cost of this insurance is a substantial business expense and because we believe the system can work better. Our proposed reforms include: eliminating stress claims for legitimate personnel actions, streamlining the litigation process and vigorously fighting fraud by enabling the Insurance Commissioner to investigate questionable claims.
- Give residential building contractors the opportunity to lower insurance costs by allowing them to repair defects before litigation is filed against them. Ultimately, this will help hold down escalating housing costs.
- Build on Hawai'i's strong reputation in the captive insurance field by making our state a port of entry for foreign insurance companies wanting to do business in the United States. When more foreign as well as domestic captive insurance companies choose Hawai'i as their headquarters, it enhances our state's reputation as a good place to do business.

- Provide improved investment tools that convince technology industries to locate and stay in our state. The programs we propose would encourage investments through professional venture capital managers and offer incentives for supporting University of Hawai‘i-based research. The objective would be to help not only start-up firms, but also more mature companies that are ready to launch a product or service.

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## *Creating Jobs*

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Job and income growth are up in Hawai‘i, due in large part to a surge of construction and real estate activity.

State construction initiatives already underway include the University of Hawai'i John H. Burns School of Medicine. This facility has the potential for attracting the brightest minds in biomedical research. Our administration also has addressed problems with the \$17-million Fishing Village at Honolulu Harbor so this facility, which has been vacant since April 2002, will open in October 2004.

Additionally, work is underway on the feasibility of a major Farmer's Market, which is expected to create 208 construction jobs and nearly 3,000 new jobs when the market begins operations.

Our commitment to creating new jobs also extends to the Waianae Coast. Last session I signed a bill providing tax credits for visitor facilities in Ko Olina, coupled with job training scholarships. Also, we are providing funds to expand construction-related apprenticeship programs taught at community colleges.

We have asked the legislature to continue funding critical construction projects addressing basic needs in our community that also provide private sector job opportunities.

These include:

- \$9 million for road improvements to the Kaka‘ako Waterfront area.
- \$8.4 million for the Maui Research and Technology Center.
- \$6.6 million to repair and modernize state-owned housing projects.
- \$5.5 million for hospital renovations including an expansion of the Hilo Medical Center emergency room.
- \$25 million to address much-needed repairs at our state correctional centers.
- \$84 million for major roadwork, including \$24 million for the long-sought North South Road in Kapolei.
- \$41.5 million for improvements at our harbors.
- \$25 million for major repairs and maintenance at University of Hawai‘i campuses.
- \$90 million for school repair and maintenance.



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## *Promoting the Tourism Industry*

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For the tourism industry, all indications point to 2004 being a better year. Visitor counts are up, additional airline flights are scheduled, and the cruise ship industry will add ships and ports of call.

To respond to this increased demand as well as new security requirements, our administration proposes:

- **Spending \$42 million for improving the Honolulu and Kahului airports.**

Terminal upgrades, runway repairs and new baggage handling facilities are part of the improvements.

- Funding to upgrade our terminals, piers and harbor restrooms to accommodate cruise ship passengers.
- Spending \$2 million for renovations and maintenance at the Hawai'i Convention Center to preserve the investment we made in this important facility and to forestall costly repairs in future years.

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### *Living Within Our Means*

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Finally, a healthy economy cannot be sustained if government does not live within its means. Balanced budgets proposed by the Executive Branch are only half the fiscal equation. The State Legislature plays an equally important role in ensuring Hawai'i's fiscal integrity.

That is why I propose to amend the State Constitution requiring the legislature to enact a balanced budget. This is similar to the law in 40 other states.

